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AMEMBASSY ASTANA PASS TO USOFFICE ALMATY  
AMEMBASSY BERLIN PASS TO AMCONSUL DUSSELDORF  
AMEMBASSY BERLIN PASS TO AMCONSUL LEIPZIG  
AMEMBASSY BELGRADE PASS TO AMEMBASSY PODGORICA  
AMEMBASSY HELSINKI PASS TO AMCONSUL ST PETERSBURG  
AMEMBASSY ATHENS PASS TO AMCONSUL THESSALONIKI  
AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK  
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

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SUBJECT: SERBIA/MONTENEGRO: SOME PROGRESS, CORE DISAGREEMENTS  
UNRESOLVED

REF: A) BELGRADE 254; B) PODGORICA 60

CLASSIFIED BY: Deborah Mennuti, Political Chief, DOS, POL; REASON:  
1.4(D)

¶1. (U) This cable was drafted jointly by Embassies Podgorica and Belgrade.

Summary

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¶2. (SBU) Although historic, linguistic, familial, and other ties closely intertwine the peoples of Montenegro and Serbia, relations between the governments remain clouded by disagreements that defy easy resolution. Montenegro's recognition of Kosovo, the stalemate in dual citizenship negotiations, Serbian provocations, and mutual resentments are obstacles to fostering a productive diplomatic relationship. However, in recent months, Serbian and Montenegrin leaders inched toward normalizing relations. Bilateral cooperation remains strong in lower profile areas, such as trade, education, law enforcement and health care. Yet, despite positive signs such as the imminent return of a Montenegrin ambassador to Belgrade, the pace of normalization will be slow and arduous. End Summary.

Touchy Relationship Clouded by Kosovo

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¶3. (SBU) Serbia and Montenegro's bilateral relationship - already contentious since Montenegro's separation from the State Union with Serbia in June 2006 - remains raw after Montenegro's recognition of Kosovo in October 2008. Using the historically-loaded terminology of Montenegro's "stab in the back" in recognizing Kosovo, Belgrade restricted diplomatic relations with Montenegro and declared

Montenegrin Ambassador Anka Vojvodic persona non grata on October 9, 2008 (though Vojvodic remains in Belgrade, because she lives in Belgrade). Serbia's reaction to Montenegro's recognition -- undertaken simultaneously with Macedonia -- was aggravated because the recognition came one day after the UNGA referred the Kosovo question to the ICJ, a move that Serbian Foreign Minister Jeremic hailed as a major diplomatic victory. A mid-level Serbian MFA official told us that Serbs consider Montenegro's recognition of Kosovo as a betrayal akin to "seeing a friend kill your sister." Ironically, the GoM told us numerous times that it chose the date they believed would be least painful for the GoS, arguing that recognizing before the UNGA vote would have been more damaging.

14. (SBU) The party whip of Montenegro's ruling Democratic Party of Socialists (DPS), Miodrag Vukovic, told us he blamed nationalists in Serbia for the tension between the two countries. Montenegrin DPM Marovic, who has been publicly and privately pushing to improve the bilateral relationship for months, told Ambassador Moore that the GoM wanted to normalize relations, especially because "Montenegro can help Serbia." We have heard a similar refrain from numerous high level GoM officials, many of whom tell us Serbia is on an untenable path in "fighting the reality of Kosovo."

#### Taking Steps towards Normalization

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15. (SBU) President Tadic invited Montenegrin PM Djukanovic to visit following the successful visit earlier this year of then Croatian PM Sanader (ref A). On the margins of an April energy summit in Sofia, Tadic invited Montenegrin President Filip Vujanovic for a three-day visit to Serbia in late May, including a stop in the small village of Lovcenac (population 3,600) in Vojvodina where Montenegrins comprise 60% of local citizens. During this first visit of a Montenegrin President to Serbia since Montenegrin independence, Tadic and Vujanovic agreed to increase cooperation in the areas of infrastructure, electricity transmission, and fighting organized crime. The two sides also agreed to increase the frequency of high level contacts between the two countries and to work jointly toward European integration. Following a meeting with PM Cvetkovic, the two sides announced an agreement to begin working together as soon as possible on building a highway between Belgrade and the port city of Bar in Montenegro. A few weeks later, in another step towards reconciliation, Tadic joined other regional leaders in the old Montenegrin capital of Cetinje for a Southeast Europe "cultural summit," hosted by Vujanovic.

16. (C) Vujanovic's visit to Serbia was widely seen in Belgrade foreign policy circles as the first step towards eventual normalization of relations. However, Tadic foreign policy advisor Aleksandar Knezevic told us that the Serbian government was disappointed that Vujanovic did not show any flexibility on key issues. Vladimir Odavic of the Serbian MFA's Neighboring Countries Directorate claimed that, despite the high-level diplomatic freeze, lower-level diplomatic channels between the two capitals remained open. He added that Serbia and Montenegro did not have any major bilateral disputes, such as property restitution or border demarcation, which would hinder closer cooperation.

17. (SBU) Montenegro's Charge in Belgrade, Igor Gradjevic, told Charge Brush in early June that relations with the Serbian Foreign Ministry were slowly improving but nowhere near the level before October 2008. Montenegrin Presidential foreign policy advisor Ivan Lekovic agreed, telling us that Vujanovic's meetings in Belgrade with President Tadic and PM Cvetkovic were important to building mutual confidence between Serbia and Montenegro. Lekovic conceded

that Kosovo continued to be an open disagreement, but said he believed the GoS was "starting to understand Montenegro's position."

¶8. (SBU) In late July, the GoM proposed career diplomat Igor Jovovic to be the next Montenegrin Ambassador to Serbia. The nomination received support from the Montenegrin Parliament, and Montenegrin pro-Serb opposition parties have spoken highly of Jovovic, calling him "a stable and forthright person who will try, together with Montenegrin and Serbian officials, to raise the relationship between the two countries to the highest level possible." Jovovic will depart for Belgrade as soon as the GoS accredits him, likely leading to restoration of full diplomatic relations by the end of this summer.

#### Lingering Disagreements and Resentments

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¶9. (SBU) Despite assurances that Serbia has "no open issues" with Montenegro, a set of direct and indirect issues continues to color the Serbian-Montenegrin relationship. Negotiations on a dual citizenship agreement reached an impasse (ref B) this spring as both sides hardened their positions on whether amendments to citizenship laws in each country were practical. Ascribing the standstill to Serbia's unwillingness to compromise, Montenegrin Charge Gradjevic told Charge Brush that Montenegro had compromised enough and that Serbian demands were contrary to Montenegro's constitution. In response, Serbian officials told us that Montenegro had been unreasonable in asking that Serbian law grant special treatment to those with Montenegrin citizenship (that is, preventing the option of dual citizenship for Montenegrin citizens).

¶10. (C) Montenegrin Minister of Interior Ivan Brajovic told Ambassador Moore that "no progress" had been made with Serbia, though he added that he had a good working relationship with his Serbian counterpart. The problem remained that Montenegro was restrictive with regard to citizenship, while Serbia "will give a passport to anyone who says he loves Serbia." Brajovic - who said he was committed to holding the line on this issue - recalled an incident when People's Party president Predrag Popovic challenged the GoM by showing his Serbian passport in Parliament last year. "If I had been Minister, I would have taken away his Montenegrin citizenship right away," he told us. The citizenship issue is particularly sensitive for Podgorica. Under Serbia's laws, at least one-third of the Montenegrin population would be eligible for, and liable to take, Serbian citizenship. In general, the official was pessimistic that the two sides would ever come to an agreement on the issue. He was quick to note, however, that despite the apparently irreconcilable differences on dual citizenship, police cooperation between the two countries had been and should remain excellent.

¶11. (SBU) Provocations by the Serbian MFA have tarnished bilateral relations. Serbian press reported in late April that Belgrade would open three consulates in Montenegro, although Podgorica had not agreed to the proposal. The move was widely interpreted in Serbia as a crude attempt to extract a quid pro quo for accepting a new Montenegrin ambassador in Belgrade. Denying any linkage, MFA Political Director Borko Stefanovic told the Charge that the MFA had sent a formal diplomatic note to Podgorica making the request for consulates, and admitted that the Serbian side then immediately leaked the story to the press. Odavic told us in an unguarded moment that Montenegro would always have problems with Serbia because "Montenegro is Serbian land" and that Montenegrin PM Djukanovic would "always blame the Serbs for his country's problems." Asserting that Tadic - whose father's family is from

Montenegro - has a "soft spot" for Montenegro, the same official described Tadic's gestures of goodwill to Montenegro as "a positive outlook that most Serbs do not share." Serbia's Ambassador to Podgorica, Zoran Luptovac, told us in late July that such dynamics within the MFA explained why he accepted his appointment on condition that he report to President Tadic's office instead of the MFA.

¶12. (SBU) In Montenegro, the public airing of Serbia's interest in opening consulates in three Montenegrin municipalities (Niksic, Bijelo Polje, and Herceg Novi) provoked one MFA official to characterize the situation as "beyond the realm of good diplomatic practice." Pro-independence media and many Montenegrin citizens view the proposal as an unnecessary and provocative move by Belgrade. "This is just another attempt to continue to meddle in our domestic affairs," one contact told us. The pro-Serbian parties in Montenegro, meanwhile, welcomed the GoS's initiative and characterized it as a chance for improving relations between Podgorica and Belgrade. Belgrade political analyst Dusan Janjic described Serbia's motion as "political provocation rather than a seriously founded initiative that could be justified." Senior GoM officials have thus far avoided commenting substantively on the issue, though Montenegrin PM Djukanovic said in mid-July that a rational solution would be reached, noting that Montenegro, as a small country in terms of territory, did not require the proposed three consular offices. Both Djukanovic and FM Rocen have hinted to us that one consulate would be acceptable.

#### Cooperation outside the Political Arena

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¶13. (SBU) Bilateral cooperation in spheres such as economy, education, and health care, is more promising. Serbian tourists still flock to the Montenegrin coast each summer, while many Montenegrins study at Serbian universities and undergo medical treatment in Serbia. The Montenegrin Ministries of Education and Health tell us that they expect to sign bilateral agreements on both education and health care cooperation soon. In March, the employment agencies of Montenegro and Serbia signed an MoU granting Serbian and Montenegrin citizens working in each others' countries the same labor rights enjoyed by the country's citizens. Under the agreement, employment agencies may also broker employment opportunities in both countries. Zoran Jelic, Director of the Montenegrin Employment Agency told us that roughly 23,000 workers from Serbia are employed in Montenegro, mainly during the tourist season.

¶14. (SBU) Montenegro is the second largest buyer of Serbian goods, and Serbia is Montenegro's largest trade partner. Bilateral trade totaled \$1.48 billion in 2008, up 35% from 2007. Serbia's investment in Montenegro amounts to just over \$130 million, making it the seventh largest investor in Montenegro. Bilateral economic cooperation, however, has not been helped by the global economic crisis. Serbia's trade with Montenegro was down 38% during the first four months of 2009, compared to the same period a year ago. A well-connected Serbian businessman in Montenegro, told us in June that Serbian tycoon Philip Zepter lost a 56% stake in a Montenegrin health care company because of missed payments. Another Serbian tycoon, Miroslav Miskovic, is facing severe financial difficulties with his Delta City Mall in Podgorica.

Comment

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¶16. (C) Bilateral relations between Serbia and Montenegro will remain complicated and sensitive for the foreseeable future. The unusual absence of any Serbian official (with the exception of SPO President Vuk Draskovic) at this year's Montenegrin National Day reception in Belgrade clearly signaled that Serbia's political elite does not yet consider relations with Montenegro to be back on track. (Indeed, Draskovic's appearance at the Montenegrin Day reception was most memorably marked by his telling of an off-color joke in which Christ tells Montenegrins "Don't do anything until I get back.")

¶17. (SBU) In Podgorica, there appears to be greater willingness to improve relations but not to give in on the numerous thorny issues that still separate the two sides. In particular, the matter of dual citizenship -- a core issue for Montenegro -- defies quick resolution. While Ambassador-designate Jovovic is likely to be on the job in Belgrade by the end of the summer, the prospect of full diplomatic relations between Podgorica and Pristina will slow down rapprochement with Serbia. Apart from the political issues, many Montenegrins, especially among the political elite, resent what they see as Serbia's often condescending attitude toward its southern neighbor. Numerous GoM officials have told us that while fixing the relationship with Serbia is one of their top priorities, they also intend to stand their ground and will continue to chart an independent course, regardless of how Belgrade reacts. End Comment.  
BRUSH